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C O N F I D E N T I A L SECTION 01 OF 02 ROME 005849

SIPDIS

E.O. 12958: DECL: 12/04/2012

TAGS: [MARR PREL UP](#) [MASS PREL UP](#) [MASS IT](#) [ITMARR](#)

SUBJECT: UKRAINE - GOI TELLS KUCHMA TO SHAPE UP; WANTS TO KEEP LINES OF COMMUNICATION OPEN

REF: ROME 4912

CLASSIFIED BY: POLITICAL MINISTER-COUNSELOR TOM COUNTRYMAN

[1](#)1. (C) SUMMARY: ON DECEMBER 2, RUSSIA/FSU OFFICE DIRECTOR
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ROSA ANNA CONIGLIO TOLD POLOFF THAT THE NOVEMBER 26/27 VISIT OF UKRAINIAN PRESIDENT KUCHMA TO ITALY WAS CONSIDERED BY THE GOI TO HAVE BEEN A "GREAT SUCCESS." KUCHMA HEARD A STRONG MESSAGE FROM ALL HIS ITALIAN INTERLOCUTORS ON THE KOLCHUGA RADAR ISSUE AND THE GENERAL NEGATIVE UKRAINIAN PERFORMANCE ON HUMAN RIGHTS. AT THE SAME TIME, LINES OF COMMUNICATION TO THE GOU WERE KEPT OPEN, AND ITALY MADE PROGRESS WITH UKRAINE ON A NUMBER OF IMPORTANT BILATERAL ISSUES, SUCH AS ADOPTIONS AND BUSINESS TAXATION ISSUES. THE GOI HAS OFFERED ITS SERVICES TO THE U.S. AS A MEDIATOR AND MESSAGE CARRIER TO THE GOU SHOULD WE DEEM IT USEFUL. END SUMMARY.

[1](#)2. (C) CONIGLIO STARTED OFF WITH AN ACKNOWLEDGMENT THAT THE TIMING OF THE VISIT COULD NOT HAVE BEEN WORSE, GIVEN THE KOLCHUGA RADAR ISSUE AND NATO/OSCE/EU ATTEMPTS TO ISOLATE KUCHMA. HOWEVER, SHE CONTINUED, WHILE KUCHMA'S TRIP WAS DOWNGRADED TO AN "OFFICIAL VISIT," IT WAS ORIGINALLY PLANNED AS A STATE VISIT IN THE BEGINNING OF 2001. PRESIDENT CIAMPI'S AGENDA IS GENERALLY PLANNED TWO YEARS IN ADVANCE, PARTICULARLY FOR STATE VISITS. THE GOI DECIDED TO GO AHEAD WITH THE VISIT BECAUSE IT HEARD NO OBJECTIONS FROM ALLIES AND THOUGHT THAT SOME GOOD COULD COME FROM DIALOGUE WITH KUCHMA. THERE HAD ALSO BEEN TWO STATE VISITS TO UKRAINE BY ITALIAN PRESIDENTS SINCE UKRAINIAN INDEPENDENCE FROM THE SOVIET UNION

[1](#)3. (C) POLOFF ASSURED CONIGLIO THAT THE PRESS REPORTS (PARTICULARLY ITALIAN MEDIA) JUST PRIOR TO THE VISIT IMPLYING THAT THE GOI WAS THUMBING ITS NOSE AT THE ALLIES, ESPECIALLY THE U.S., BY HOSTING KUCHMA HAD NO USG SOURCE. CONIGLIO WAS ALREADY AWARE THAT EMBASSY ROME HAD ASKED WASHINGTON SOME WEEKS PRIOR TO THE TRIP (REFTEL) WHETHER THE USG WANTED THE
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TRIP CANCELED. THE SPECIFIC POINTS WE HAD RECEIVED IN THE RESPONSE TO THE REQUEST HAD BEEN PASSED TO THE PRESIDENT'S OFFICE, AND HAD BEEN MADE PART OF CIAMPI'S AND PM BERLUSCONI'S TALKING POINTS. CONIGLIO WAS RELIEVED TO HEAR THAT OUR OFFICIAL PUBLIC LINE, IF ASKED, WAS THAT THE USG KNEW ABOUT THE VISIT AND RAISED NO OBJECTIONS.

[1](#)4. (C) CONIGLIO SAID THAT IN ADDITION TO DOWNGRADING THE VISIT STATUS, THE GOI MADE CLEAR TO KUCHMA ITS DISPLEASURE WITH HIS REGIME'S ACTIVITIES BY POSTPONING A SIGNING CEREMONY FOR A NUMBER OF BILATERAL AGREEMENTS. THE GOVERNMENTS HAD REACHED CLOSURE ON LANGUAGE FOR THE AGREEMENTS DURING THE VISIT, AND ITALY WILL EVENTUALLY SIGN BECAUSE THEY ARE IMPORTANT TO ITALIAN NATIONAL INTERESTS. HOWEVER, THERE WILL BE NO CEREMONY - THE ITALIAN AMBASSADOR IN KIEV WILL SIGN THE AGREEMENTS. THE AGREEMENTS INCLUDE REGULATIONS ON ADOPTIONS OF UKRAINIAN CHILDREN BY ITALIAN PARENTS, AND REFORM OF DOUBLE-TAXATION LAWS PENALIZING SMALL/MEDIUM ITALIAN ENTERPRISES DOING BUSINESS IN UKRAINE.

[1](#)5. (C) KUCHMA MET WITH PRESIDENT CIAMPI, PM BERLUSCONI, SENATE PRESIDENT PERA AND CENTRAL BANK GOVERNOR FAZIO. FM FRATTINI MET SEPARATELY WITH FM ZLENKO. ACCORDING TO CONIGLIO, KUCHMA HEARD FROM ALL OF HIS INTERLOCUTORS THE FOLLOWING: YOU MUST DISCLOSE, NOW, ALL OF THE FACTS REGARDING SALES/SHIPMENTS OF KOLCHUGA RADAR SYSTEMS, AND; YOU SAY YOU WANT CLOSER INTEGRATION OF UKRAINE WITH THE REST OF EUROPE, SO BACK UP YOUR WORDS WITH DEEDS. PM BERLUSCONI EMPHASIZED TO KUCHMA THAT WHILE THERE HAD BEEN SOME PROGRESS, OVERALL KIEV'S RECORD ON IMPLEMENTATION OF COMMITMENTS TO INTERNATIONAL ORGANIZATIONS, MEDIA FREEDOM, AND TREATMENT OF
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OPPOSITION POLITICAL PARTIES WAS ABYSMAL, AND NOT CHARACTERISTIC OF A REPRESENTATIONAL DEMOCRACY.

[1](#)6. (C) CONIGLIO SAID THAT THROUGHOUT HIS VISIT AND WITH ALL HIS INTERLOCUTORS, KUCHMA DENIED KNOWING ANYTHING ABOUT KOLCHUGA SALES TO IRAQ, AND SAID THAT THE RECORDINGS WERE A FABRICATION COMPOSED OF OTHER SPLICED TAPES. FURTHER, CONTINUED KUCHMA, THESE SUSPECT TAPES WERE THE ONLY EVIDENCE AGAINST HIM. KUCHMA SAID THAT UKRAINE HAD SOLD SOME SYSTEMS

TO RUSSIA PRIOR TO 2000 AND TO CHINA IN 2002, BUT HE COULDN'T SAY WHERE THE SYSTEMS ARE NOW. "YOU'LL HAVE TO ASK THE BUYERS, WE CAN'T TELL YOU" KUCHMA TOLD BERLUSCONI AND CIAMPI.

17. (C) KUCHMA TOLD BERLUSCONI THAT "RICH, PRIVATE BUSINESSMEN OWNED 90 PERCENT OF THE MEDIA" AND THAT THEREFORE THERE COULD BE NO GOVERNMENT INFLUENCE. HE ALSO COMPLAINED THAT HE WAS NOT SATISFIED WITH UKRAINE'S POLITICAL SYSTEM, SINCE THE PARLIAMENT BLOCKED MANY OF HIS ADMINISTRATION'S INITIATIVES, AND THEREFORE LITTLE WAS ACCOMPLISHED. KUCHMA TOLD PERA THAT HE WANTED TO RESTRUCTURE THE GOU INTO A PARLIAMENTARY SYSTEM SIMILAR TO ITALY'S. PERA AND KUCHMA AGREED TO AN "EXCHANGE OF EXPERTS" ON PARLIAMENTARY SYSTEMS TO STUDY POSSIBLE REFORMS IN KIEV.

18. (C) CONIGLIO SAID THAT DURING HIS MEETING WITH FAZIO,

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ACTION EUR-00

INFO	LOG-00	NP-00	AID-00	ACQ-00	CIAE-00	INL-00	DODE-00
	DOEE-00	SRPP-00	DS-00	EAP-00	EB-00	FBIE-00	VC-00
	H-01	TEDE-00	INR-00	LAB-01	L-00	VCE-00	M-00
	AC-01	NSAE-00	OMB-01	PA-00	PM-00	PRS-00	ACE-00
	P-00	SCT-00	SP-00	SSO-00	SS-00	TRSE-00	T-00
	USIE-00	SA-00	DTC-00	PMB-00	DSCC-00	PRM-00	DRL-02
	G-00	NFAT-00	SAS-00	/006W			

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O 041554Z DEC 02
FM AMEMBASSY ROME
TO AMEMBASSY KIEV IMMEDIATE
SECSTATE WASHDC IMMEDIATE 7205
INFO EUROPEAN POLITICAL COLLECTIVE PRIORITY
NSC WASHDC PRIORITY

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KUCHMA COMPLAINED THAT THE UKRAINE CENTRAL BANK WAS CREATED DURING THE SOVIET ERA AND STILL OPERATED ON THAT DESIGN. KUCHMA ASKED FOR, AND FAZIO AGREED TO PROVIDE, ASSISTANCE TO REFORM THE BANKING SYSTEM, TO INCLUDE FRAUD DETECTION AND PROTECTIONS AGAINST MONEY LAUNDERING. CONIGLIO SPECULATED

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THAT KUCHMA, WELL AWARE OF SIMILAR REFORMS UNDERWAY IN RUSSIA, DID NOT WANT KIEV TO FALL TOO FAR BEHIND MOSCOW IN THE EYES OF THE WTO, IMF, ETC.

19. (C) CONIGLIO SAID THAT THE GOI'S VIEW WAS THAT THERE WERE SUFFICIENT SIGNS OF REFORM IN UKRAINE TO WARRANT CONTINUING COMMUNICATIONS BETWEEN ROME AND KIEV. IN ADDITION TO THE INITIATIVES DESCRIBED ABOVE, CONIGLIO OFFERED THE GOI'S SERVICES AS MEDIATOR AND MESSAGE COURIER BETWEEN THE U.S. AND UKRAINE SHOULD WE THINK IT APPROPRIATE.

10. (C) COMMENT: THE GOI HAS ASSUMED THE ROLE OF INTERMEDIARY BEFORE, MOST RECENTLY CARRYING OUR MESSAGES TO PUTIN THROUGH BERLUSCONI ON IRAN DUAL-USE TECHNOLOGY TRANSFER. IT SEEMS TO BE A ROLE BERLUSCONI ENJOYS AND ONE THAT POST RECOMMENDS WE HOLD IN RESERVE SHOULD WE WANT OUR OWN MESSAGES REINFORCED WITH THE GOU, OR THE POLITICAL SITUATION IN KIEV DETERIORATES TO THE POINT WHERE WE WOULD FIND IT MORE PRODUCTIVE TO TAKE BERLUSCONI UP ON HIS OFFER.

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